



# **SCHOOL ACTIVITY ACCOUNTS**

**Accounting, Auditing, and Financial Reporting**

**LOUISIANA LEGISLATIVE AUDITOR**

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## **PREFACE**

The purpose of this manual is to provide uniform procedures for the financial management of student activity funds in Louisiana public schools. This manual should be the basis from which local school boards develop policies and procedures to control and account for school activity funds.

Resource material for this manual was provided by other state organizations, certain Louisiana school boards, and the Louisiana Department of Education. This manual has been reviewed by school administrators, school business officials, auditors, and others to solicit comments on the contents of the manual. Their suggestions have been incorporated into the manual to the extent practical.

In addition, the contents of the manual are consistent with *Handbook II*, published by the United States Department of Education and the authoritative statements issued by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

**Steve J. Theriot, CPA**  
**Legislative Auditor**

## INTRODUCTION

Public schools of Louisiana are supported primarily by state and local taxes, with certain programs totally or partially financed by federal funds. In addition to this funding, however, individual schools generate additional revenues from athletic events, concessions, and other school activities. These revenues are used for a variety of purposes ranging from miscellaneous supplies for the school to equipping and maintaining athletic teams. These funds have increased in recent years from rather insignificant amounts to many thousands of dollars in any one school.

The parish or city school board, as the governing authority of the school system, is the sole, legal entity responsible for controlling and administering the funds which enter the system. For many years, individual schools administered funds collected within the schools with the knowledge and apparent implied consent of the school boards, without any specific delegation of authority or responsibility by the school board.

However, with the increase in school provided funding, the local school boards have provided policies, procedures, and practices to control and account for funds raised and expended at the school level. These policies, procedures, and practices provide for a public accounting and stewardship of the school system and the school principal for the public funds administered by the entities, even though much of the monies are held in a fiduciary capacity only. These policies, procedures, and practices, commonly referred to as internal control structure, include budget matters, accounting procedures and records, periodic financial statements, monitoring activities, and annual audits of the school activity funds.

Student body activity funds should be used to supplement and not replace funds for activities and services provided by the local board. These monies are regulated by Louisiana Revised Statute 17:414 and resolutions of the parish school board.

Monies derived from the student body as a whole should be used to benefit the student body as a whole.

Monies or property derived directly or indirectly through the use of school facilities or

funds received by a public official (including individual school employees) become public property or funds. Monies thus derived should be handled and safeguarded as if the funds were tax proceeds.

Projects for the raising of student activity funds should in general contribute to the educational experience of pupils and should not conflict with, but add to, the instructional program.

School facilities and equipment should not be used during the school day by special or select groups for fund-raising purposes that are to benefit only a select or special group to the detriment of some other equally deserving group or program.

Student activity funds, in so far as possible, should be expended in such a manner as to benefit those pupils currently in school who have contributed to the accumulation of such funds.

Student body representation is an important factor in the democratic management of funds raised by the student body and expended for its benefit and should be required when possible.

The management of student activity funds should be in accordance with sound business practices, including sound budgeting, purchasing, and accounting practices.

Student body business should be conducted in such a manner as to offer minimum competition to commercial concerns, while still benefiting the student body as a whole.

Student body business should be in an open and business-like manner to afford students the experience of public participation and management of public resources.

The local school board must promulgate needed rules and regulations to supervise and administer student activity funds.

Principals should participate in the preparation, modification, and interpretation of policies, regulations, and procedures affecting student activity funds.

Since Louisiana schools do engage in certain money raising activities used to supplement parish funding, this booklet and Appendix C supply an outline of a system of accounting, auditing, and financial reporting to help in the administration of student activity funds.

## INTERNAL CONTROL STRUCTURE

In accounting terms, internal control structure consists of the (1) control environment, (2) the accounting system, and (3) individual controls which operate within the system of policies, procedures, and practices of the school. The accounting system is covered in a subsequent section, so this section will concentrate on control environment and individual controls.

### Control Environment

The first element of internal control structure is the control environment. This environment is the product of a number of factors that may enhance or detract for the school's effectiveness in managing its school activity accounts. Such factors may include-

- Management's Philosophy and Operating Style - in other words, does the philosophy and operating styles of the principal, other individuals at the school level, and individuals at the school board level reflect a strong commitment to controlling and accountable for the school activity funds?
- Organizational Structure - as an example, is the school and system well organized--does that organization maximize efficiency, effectiveness, and the control of school assets?
- Oversight - does the principal and individuals at the system level take an active role in monitoring school accounts and school compliance with laws, regulations, and control features embedded in school and school board policies?
- Authority and Responsibility - do policies, procedures, and practices clearly define authority and responsibility for programs, transactions, et cetera?
- Personnel Issues - has the principal and system employed quality personnel, well educated in their authority and responsibilities, to manage school assets?

The principal's attitude towards accountability, the degree to which the school accounts have been regulated by the board, and monitoring by the board are the key factors in school control environment.

### Control Procedures

Various control procedures are employed by the school to ensure that school and system

objectives, relating to school activities and transactions, are obtained. These control procedures involve-

- the proper authorization of transactions and activities;
- the segregation of incompatible duties;
- appropriate documentation and records;
- control over access to assets and records; and
- independent checks on performance and proper valuation of amounts recorded in the accounts.

A predominant control procedure is the principal's oversight of school activities and the proper accounting for school activities. Monthly, if not more frequently, the principal should review the school activities and the books maintained on the school activity accounts to determine that employees are following established policies and procedures. Any deviation from such regulations should be appropriately addressed by the principal.

The principal should require reports from the school accountant or secretary which allow him or her to oversee the school accounts. These reports must be produced and reviewed in a timely manner. Professional skepticism of unusual balances, transactions, and the like should be applied during the review.

All transactions should be recorded in a timely manner and adequately supported by documentation, such as receipts, invoices, delivery reports, purchase orders, et cetera. The procedures and forms used in the school should be uniform. More stringent methods and procedures than suggested in this publication may be necessary in certain cases.

**Formal Policies** In the accounting for school activity funds, there should be a system of controls that provides a reasonable assurance that errors will not occur and, if they do occur, that they will be detected in a timely manner. This is most commonly referred to as a system of checks and balances. Each parish school board should establish broad guidelines, within the confines of Act 1099 of 1990RS, which will aid individual schools in the development of such a system. The guidance from the board should include authority and jurisdiction of funds and activities at the various levels within the school system.

Any adequate system of internal accounting control is based on segregation of duties. Where two or more persons have separate responsibilities in the accounting process and their activities provide for a check on prior activities, we have a system of check and balance. For example, when monies are transferred from the school classroom teacher to the school secretary, there should be an exchange of receipts, with signatures, to provide for such a check and balance in the accounting system.

A well-trained staff is another key to effective controls. System personnel should conduct programs to inform and guide school personnel on their responsibilities for school activities and the school activity funds. Newly hired employees should be provided with this information as part of a new employee orientation program.

Employees within the individual schools who handle monies and accounting records should be bonded. Generally, a blanket surety bond covering all applicable personnel is purchased by the parish school board. However, school personnel should review the adequacy of the coverage given the total amount of monies handled by the school.

A good system of internal accounting controls should provide the ability to trace a transaction through the accounting system. The term "audit or accounting trail" means that transactions can be traced from original documentation, invoices, receipts, et cetera, to the initial posting in a journal, to the summarized entry in the general ledger, and to periodic financial statements.

In addition, retention of records which support the audit trail is important. The Louisiana Public Records Act requires the retention of records for three years. However, certain records should be kept for longer periods, such as payroll, personnel, ownership records, et cetera. The school board should establish policies in this area. All accounting records should be retained through audit. The disposal of public records should be supervised by the principal, and a record should be made of the disposal, including the disposal date and names of those observing the disposal.

Formal policies not only address the procedures that are used to process school transactions, but also the safekeeping of the assets that result from these transactions. For example, the use of locking files, storing inventories in a secure area, and a well-lighted school facility all provide for asset security. All accounting records of the schools should be subjected to appropriate security measures which would protect them from theft, loss, unauthorized entry, fire, water damage, et cetera.

**Receiving Monies** Schools derive funds from a variety of sources, such as athletics, concessions, publications, clubs, gifts, and the like. Most of these funds are handled by one or more persons before they are received by the school secretary or bookkeeper. However, accountability must be initiated when funds are first received by a school employee. Teachers who handle money should be aware of the need to maintain accurate and systematic records of all cash collected. Teachers should maintain a log to record collections of monies for various activities and purposes, e.g., class rings, clubs, pictures, supplies, et cetera. (See Appendix C, Exhibit 2). The amounts collected should be recorded on the log and given to the principal or appropriate person daily or more frequently when large amounts are received. The principal or appropriate person should issue a pre-numbered (multi-copy) receipt for the exact amount of the funds received. It is suggested that a copy of the teacher's log be turned into the principal's office at year-end, as these logs should be comparable to the receipts record and provide for an audit trail.

The principal or the appropriate person should issue pre-numbered receipts for funds received (See Appendix C, Exhibit 3). In the case of funds derived from vending machines, the receipt should be issued to the person who counted the money. The receipt should be balanced with the funds received and entered in the accounting records. The receipts should be issued serially, with all receipts accounted for as being issued or retained as voided. The receipt book and the money should be kept in a secure place with limited access.

There should be a proper accounting for admission fees charged for all events such as athletics or entertainment, whether such is assessed in advance or upon entering the event. All such fees should be controlled through the use of pre-numbered tickets. There should be different pre-numbered tickets for each event, with a different ticket color and numerical series for each price group. The tickets should be controlled and safeguarded from the point they are returned from the printer with the manifest, through the point of issuance. The manifest should be

maintained as an audit trail of available tickets.

When cash from ticket sales is deposited with the designated individuals, a receipt should be issued to show the total number of tickets issued to the seller, the number of returned-unsold, and the balance remitted in cash. A ticket reconciliation form (see Appendix C, Exhibit 4) should be prepared for the event comparing total tickets printed, tickets sold from all sources, and unsold tickets to cash collections. A copy of the reconciliation should be filed with the school bookkeeper. Unsold tickets should be retained through audit.

The control of fees or assessments of clubs and classes lies primarily with the sponsor for the group who should maintain proper accountability for the amounts collected. Control is normally maintained through the club roster which should indicate those who have paid and those who have not paid. The amounts transmitted to the school bookkeeper should be receipted back to the sponsor.

Funds collected by the school should be deposited on a timely basis, intact. When possible, school funds should be deposited on a daily basis. If the amount of funds on hand is large, the funds should be deposited in a night depository and not left in the school building overnight. If available, a safe or vault should be used: (a) the combination should be changed whenever there is a change in personnel; (b) the combination should be restricted to only an authorized few and not left available for others to read; and (c) copies of all current combinations should be kept by the parish superintendent under lock and key. Any loss of funds should be reported promptly to the parish school board office in accordance with the guidelines established by the board.

**Expending Monies** Expenditures include all charges, paid or unpaid, made from school funds for goods or services. All expenditures should be properly authorized, LSA-RS 17:414(B)(3), with a minimum of two authorizing signatures, one of which must be the school principal. The other signature must be-

- an officer, sponsor, or designee of the entity for clubs, associations, athletic teams, and the like;
- a school administrator, faculty member, or other employee approved by the donor for restricted donations; or
- a school administrator, faculty member, or other employee for any unrestricted funds.

The expenditure of funds should only be approved when there are sufficient funds available.

All disbursements should be made by check. Check must be signed by the school principal, LSA-RS 17:414(B)(3)(a). Petty cash accounts may be used for minor emergency purchases when the account has been approved by the parish school board.

A purchase order system is recommended for major purchases. A simple but effective purchasing system can be maintained with only three files or folders: (a) an "outstanding purchase order folder," (b) a "to be paid folder," and (c) a "paid in-full folder." When a purchase order is issued (see Appendix C, Exhibit 5), a copy is retained in the outstanding purchase order folder. When the material and the invoice is received, the invoice and the copy of the purchase order previously filed is placed in the "to be paid folder." When payment is made, the purchase

order copy and the invoice are filed in a "paid in-full" folder in check number order. The purchase order and the invoice should be marked "paid" to avoid duplicate payment. The amount paid, the date paid, and the check number should be clearly indicated on the invoice and the purchase order. A stamp with blank lines for date paid, amount paid, and check number can greatly simplify this process.

When partial payments are made (though not recommended), the purchase order and invoice should be removed from the to be paid folder and appropriately marked. Only when the purchase order has been completed should the order and the invoices be transferred to the paid in-full folder. If a school uses a purchase requisition, one additional file can be added, a "to be purchased" file.

Expenditures that require prior authorization, bidding, specific approval from the board, or other procedural regulations should be anticipated to allow time for proper processing. The expenditure should not be made until all procedural requirements have been met. Each parish school board should establish guidelines for purchasing. Each principal should establish school purchasing guidelines within the authority and guidance provided by the parish school board.

Any good purchasing system should provide for procedures to insure that only goods that are necessary are ordered, that they are ordered on a timely basis, that goods are ordered of the appropriate quality and quantity, that they are obtained at the lowest possible cost, and that the system provides for follow-up on unfilled orders, poor quality items, et cetera. No payment should be made until there is evidence that the items have been received and that the amounts invoiced and ordered agree with the items received as to quality and quantity. (The accuracy of costs and extensions should also be checked.) Periodic statements from vendors must not be used to support cash disbursements. Payment should be made in time to take advantage of any discounts allowed. Because supporting documents are necessary for all payments, in certain instances (stamps, commencement speakers, officials of athletic contests, etc.), it may be necessary for the school to prepare a document and have it signed by the vendor.

The parish school board should establish competitive purchasing procedures for individual schools, to include a combination of telephone quotes, written quotes, and public bids, depending on the size of the purchase. School board approval for unusual or large purchases is advisable. All leases, lease-purchases, or other obligations extending beyond 90 days should be submitted to the school board for approval.

The authority to purchase should be restricted. Local businesses should be notified of those few employees authorized to purchase and the school's policy on issuing purchase orders. The principal should be responsible for authorizing all purchases.

Checks should never be paid to "cash" or "bearer." The use of petty cash accounts should be authorized by the parish school board. If payment must be made in cash, a standard petty cash system can be used. The petty cash account is established by writing a check to a petty cash custodian. The amount of the petty cash should be as small as possible, and those drawing money must always leave a petty cash receipt (see Appendix C, Exhibit 6). After the purchase is made, the vendor's receipt or invoice must be given to the petty cash custodian as support for the receipt issued. Periodically, the petty cash is replenished to its original amount by issuing a check to the custodian. The receipts issued during the interim must equal to the replenishing check and are attached as documentation for the check. The amount of the petty cash must remain fixed and should not be allowed to fluctuate.

Refunds should be made by check. If the refunds are small and paid in cash to several individuals, supporting documents should list the names of those who received the refunds with their signatures.

Advances or allowances given to personnel, such as advances for travel or trips, must be made by check and given directly to the sponsor or traveler. Upon returning from the travels, the individual must return any unused balances, invoices, or other evidence supporting the amount of disbursement. Amounts allowed for travel expense should be in accord with the practices established by the parish school board.

Individual schools are not permitted to borrow or lend money for any reason or purpose. Funds may not be borrowed or transferred from a restricted account to another fund or restricted account without the permission of the club or activity group that raised the funds and the school principal. The approvals relating to such transfers must be retained for audit.

Student body activity and other internal school funds must not be used for any purpose which represents an accommodation, loan, or credit to anyone. Personal checks must not be cashed with school funds. Advances of salary must not be made. Public property must not be taken from the school premises for personal benefit. Local board employees or other individuals must not make purchases for personal benefit through a school in order to take advantage of the school's purchasing privileges.

Funds received from any general school activity in which students participate become a part of general school funds. Expenditures of those monies should be for the benefit of the majority of the students. These benefits should be of a nature that will aid or enlarge the educational program of the school. Any monies deposited with the school that are to be used for any other purpose must be designated upon receipt as restricted. Any monies not designated as restricted when received should be considered a part of general school funds and expended accordingly with the previous guidelines.

Schools should not directly employ personnel or supplement salaries of personnel. Should a school need to employ or supplement salaries of personnel this must be done with the approval of the parish school board. The payment should be made by the parish school board with the individual school reimbursing the board.

All school related activities should have their financial transactions recorded currently in the school records. The receipts and disbursements of some of these activities are considered restricted. As such, the expenditures of these funds are restricted to the wishes of the governing group, if approved by the sponsor and the school principal. The expenditure of the restricted funds should be allowed only to the extent funds of the group are available. Deficits should not be allowed.

Class accounts should be established on the basis of the graduation year so that balances would automatically follow the class until graduation. Graduating class accounts should be closed at the end of the fiscal year, with the graduating class making provisions for the disposition of remaining balances prior to graduation. Any inactive and unclaimed restricted balances may be transferred to the General Fund with authorization from the school principal.

**Banking** A singular interest-bearing bank account should be established in accordance with school board policy, LSA-RS 17:414(B)(1). Deposits must be made only in insured depositories and deposits must not exceed the insured amount unless the bank pledges

collateral for any funds on deposit which exceeds the insured amount.

Any excess funds should be deposited in a savings account or certificate of deposit approved by the school board, LSA-RS 17:414(B)(7). Interest income should be deposited to the General Fund, unless restricted through donation.

Receipts must be deposited intact daily, that is daily deposits must equal receipts issued. Deposits should be made on pre-numbered, duplicate deposit slips. The deposit slip must be completed in detail, indicating the receipt numbers being deposited, date, currency deposited, a list of checks being deposited, et cetera. The bank validated copy of the deposit slip must be retained to support the entry made to the cash journal. Every check received by the school should be immediately endorsed "For Deposit Only-(Name of School)."

Occasionally, certain checks deposited by the school may be returned by the bank for various reasons. If the bad check is made good immediately, the money may be marked as a re-deposit and not considered as an additional receipt (although the bank debit memo should indicate the check was covered). If it is found that the check will never be made good, the amount of the check must be deducted from receipts. The check should be filed with the document used to enter adjustment to receipts and the bank. The school board should establish policy on the collection effort of NSF checks.

All money should be disbursed by pre-numbered checks, unless a petty cash fund has been approved. A check must not be altered, erased, or destroyed. Should an error be made, mark the check "void" and write another check. Remove the signature section of the voided check and retain the check in the numerical file of cancelled checks. Checks should never be pre-signed.

Voucher checks or duplicate checks are strongly recommended. This type of check creates a carbon copy of the check when the check is written, such that the copy can be used for later posting to the cash journal and is filed with the invoice or other documentation. The conventional checkbook, usually with three checks and stubs to a page, can be used satisfactorily, but requires precaution against copying error and omission of pertinent information on the stub.

The principal of each school should designate one individual to sign checks on his behalf in his absence. The principal should also designate an individual to co-sign checks made on unrestricted accounts. The sponsor of each club, associate, et cetera, and each donor should designate someone to co-sign checks issued on their respective accounts. Persons signing checks must review the supporting evidence for the disbursement and initial the supporting documents indicating his review. Authorized signatures should be changed as personnel change or other occurrences and vacancies dictate.

All unissued checks should be safeguarded and kept under lock. The bank should be notified not to accept any checks on school accounts made payable to cash or deposit slips in which cash is retained by the depositor. Schools should not cash employee checks or advance monies unless it is for a public purpose.

All bank balances must be reconciled with book balances on a monthly basis (see Appendix C, Exhibit 7). The completed reconciliation must be reviewed and signed by the principal. Any variances in the balances must be investigated or explained. Balances in the petty cash account should be reconciled on a monthly basis.

**Property Management** Sound accounting practice is essential to property management. Some of these controls will be established at the board level and the remainder within the individual school. Any system of property management will contain:

- Inventory records of all property owned.
- Annual physical inventory.
- Designation of custodians for each piece of property.
- Tagging or marking of equipment as school property.
- Periodic review of insurance coverage on school property.

Supplies of the school should be subjected to appropriate security and inventory records maintained on their storage and issuance.

**Compliance Controls** Schools, like any other part of government, are created, financed, and controlled by government regulations. Therefore, compliance and the ability to demonstrate compliance are a significant concern for any governmental control system.

Within such a system, there are procedures and practices designed to assure compliance with laws and regulations. For example, the requirement to have a system level individual authorize an expenditure which exceeds \$2,000 may be designed to ensure compliance with the public bid law. Similarly, the requirement for the school board to approve all bank accounts may assure compliance with the state's fiscal agency laws.

These types of controls are common place and are embedded in operations with other financial controls. The first step to establishing such controls is to determine what local, state, and federal laws and regulations apply to the school and are significant to operations (see Appendix E). From that determination, procedures can be installed to assure that these laws and regulations are communicated to impacted personnel and that compliance becomes a routine part of operations.

**Examples** The following are examples of control features, both financial and compliance, that are common to governmental operations-

#### Cash

- The cash account should be approved by the school board.
- Deposits should be made intact, daily.
- Signature card authorizations should be kept to a minimum and current.
- Cash on hand should be minimal and properly secured through locked cash drawers.
- The exchange of cash should be receipted.
- The bank account should be reconciled monthly.
- All disbursements should be made by check.
- Checks should be safely stored and safeguarded.
- Checks should not be signed in blank.
- Checks for large amounts should require dual signatures.
- Petty cash funds should be imprest and kept to a minimum.

- All cash advances should be settled in a timely fashion.
- Pre numbered receipts and invoices should be used for receipting cash.
- Employees who handle cash or investments should be bonded.

#### Investments

- All notes and investments should be held in a safe location.
- The note or investment should be inspected by the principal periodically.

#### Inventories

- Inventories should be stored in a safe place.
- Inventories should be counted periodically and compared against the general ledger amounts. Differences should be investigated.
- Employees authorized access to inventory areas and those authorized to order inventory items should be kept to a minimum.

#### Payables

- Only a limited number of individuals should be authorized to order on behalf of the school or obligate the school.
- Payables should be liquidated promptly.
- Unusual vendors should be investigated.

#### Revenues

- All receipts or revenues should be assessed, collected, recorded, and reported in accordance with school and school board policy.
- Revenues should be recorded immediately.
- Refunds should only be made when authorized by school policy.
- Pre-numbered forms should be used to control revenues.
- Systematic and timely billing and collection of any receivables.

#### Expenditures

- All purchases should be subjected to proper approval.
- Only limited numbers of individuals should be authorized to purchase on behalf of the school.
- Travel should be reimbursed in accordance with school board policy.
- Invoices and cancelled checks should be sent directly to the principal's office.
- Competitive prices should be sought on purchases.
- Invoices should be compared against the merchandise received.

#### Programs

- All programs and activities must be authorized by the principal and school board policy.
- Any transfers between programs must be authorized by the principal and permitted by school board policies.
- Program deficits must not be permitted.

## BUDGETING

The extent to which budgeting is employed within the school activity accounts is a decision to be made by the parish school board. However, it is an important financial management and control tool which is strongly recommended. The following briefly explains how a simple budgetary practice may operate within the school.

**A Financial Plan** Budgeting is financial planning. The budget is an estimate of available funds and proposed expenditures for a fiscal year. The general fund budget should reflect the estimated beginning balance, estimated revenues by source, proposed expenditures by function and object, and estimated ending balance. The chart of accounts in the back of this manual supplies the revenue sources and expenditures functions and object. It is important to remember that the budget should correlate with the accounts used to record transactions during the year to facilitate periodic budget comparisons.

**General Fund Budget** The principal or his designee should be responsible for developing a budget for the general fund. The budget is adopted by the principal, subject to board approval or review, and becomes the operating plan for the school year.

During the year as plans change, the budget is amended or adjusted for such changes; as such, the budget should constantly reflect the operational plan for the general fund. When revenues or expenditures vary significantly from budgeted amounts, the causes for the variances are investigated and a budget amendment is adopted. The adoption should be approved, like the original budget, by the principal. The amendment is then merged into the original budget and becomes an integral part of the operating plan.

Periodically during the year, the principal, or his designee, should cause the production of a budget comparison report for the general fund. This report compares budgeted amounts with actual to date. In simple terms, "how are we doing in terms of our original plan?" Appendix C, Exhibit 8 presents a simple form that can be used to develop the budget, as well as periodic budget comparisons.

**Restricted Funds** Most of the work involved in budgeting restricted funds is performed by the club sponsors. The sponsors should present to the principal budgets of estimated beginning

balances, estimated revenues, proposed expenditures, and estimated ending balances, by activity or organization. These club budgets form a yearly plan for the individual clubs and organizations and form a control system for the faculty sponsor and club officers.

From these individual budgets, the principal then can cause the production of a budget for all school restricted activity funds (Appendix C, Exhibit 9). Periodically, the principal should supply each sponsor and the club officers with a budget comparison of club activities, relating budgeted amounts to actual to date amounts.

**Monitoring** The original budgets should be sent to the parish school board for their review and to form the basis from which school activities can be monitored by the board. Adjustments made during the year and copies of the periodic budget comparisons should be sent to the board.

## ACCOUNTING

Accounting is the process of identifying, assembling, analyzing, classifying, recording, and reporting an entity's transactions. As such, accounting is the development of an informational system necessary to accomplish and report on the objectives of management. In governmental accounting, and specifically school accounting, we use fund accounting. Fund accounting allows the accountant to demonstrate, within the accounting records, that funds were expended in accordance with the restrictions, if any, placed on the source of funding. For example, funds that are restricted as to expenditures are placed in a special restricted fund or accounts within school activity funds to control and reflect their expenditure for the specified purpose. Fund accounting is required under state law, LSA-RS 17:414.

### Fund Accounting

A "fund" is an independent accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitation.

Internal school accounting uses two basic funds:

**General Fund** The general fund is used to account for all revenues and expenditures which tend to benefit the general school population. Revenues and expenditures in the general fund are not restricted to any specific group or activity.

**Restricted Fund** The restricted fund is used to account for monies that are normally restricted in their use to a specific segment of the school population or a specific project and are not intended to benefit the general school population. These monies can only be expended for a specific purpose, so they are segregated for that specific purpose within the accounting records. The restricted fund is subdivided into restricted accounts which must maintain their own identity.

Athletics may be construed as an activity which would tend to benefit the general school

population or as a restricted activity. The parish school board should set policy as to the classification of athletics. For purposes of illustration, this manual has classified athletics as restricted.

The general fund should never expend more funds than are available from current year resources and any unexpended balances from prior years. The various clubs and activities included in the restricted fund should not be allowed to incur deficit balances.

## **The Accounting System**

The basics of the accounting system are the books of original entry (the cash journals, general journal, general ledger), the chart of accounts, vendor files, check files, and other supporting data that support the individual transactions. The system of control, internal control structure, is the practices and policies in which these books, journals, and files are maintained and secured. (Appendix C, Exhibit 10)

**Chart of Accounts** The chart of accounts is the heart of the accounting system and budgetary system. Within these accounts, transactions of the entity are classified and summarized. The accounts should be developed in such a detail as to allow the interested user of the accounting information to readily retrieve information previously committed to the system, either accounting or budgetary. For computerized systems, it never hurts to have too much detail, because the systems allow you to compress the information if the detail is not needed, and the computer is doing the math. However, for manual systems, the value of the information must be off-set against the risk that the burden of manually maintaining the detailed information will cause a collapse of the entire record keeping system.

The accompanying chart of accounts (Appendix B) provides various levels of detail for the recording of revenues and expenditures. The detail to which such is recorded is a matter for board guidance. However, expenditures of the general fund should be recorded by function, such as administration, instruction, athletics, et cetera. Revenues of the general fund should be recorded by source, such as admissions, sales, fees, et cetera. Restricted fund revenues and revenues should be recorded by activity, such as Beta Club, Class of 1982, Band Club, et cetera.

**General Journal** The general journal (Appendix C, Exhibit 11) is used to record transactions not involving the receipt or disbursement of cash. This journal is used to record opening entries, correction of errors, transfers, encumbrance and budgetary entries, and closing entries. The entries are made in the general journal and identified as to the fund, account, and amount, with an explanation for the entry. All general journal entries should be posted to the general ledger at the time of entry.

**Cash Journal** The cash journal (Appendix C, Exhibit 12) provides a detailed record, in chronological order, of all receipts written, deposits made, and checks written. It is quite common for schools to have a receipts journal and a disbursements journal--this allows them to separate the receipt recording and disbursement recording function.

Because double entry bookkeeping is used, the cash journal also summarizes the activities of each fund and accounts within the fund (and the impact on expenditures, revenues, and various general ledger accounts such as club accounts and the like). Periodically, and most commonly monthly, the cash journal is summarized and posted to the general ledger and the revenue and

expenditure subsidiary accounts (ledgers).

Cash transactions should be journalized daily. As cash receipts are entered on the journal, "cash-on-hand" (or cash in bank-checking) is debited. Likewise, when checks are written, "cash in bank-checking" is credited. Under the rules of the double-entry bookkeeping, when a debit amount is entered, there must be an offsetting credit entry or entries equal to the amount of the debit. The cash journal allows compliance with this accounting rule by providing debit and credit columns for entries in each fund. Therefore, when entering a receipt in the journal, "cash on hand" is debited for the amount of the receipt and a general ledger account (such as a restricted club account) or a revenue account (such as athletic sales) is credited. When a check is entered in the journal, the amount is credited to "cash in bank-checking" and the general ledger account (such as a club account) or an expenditure account (such as athletic expenditures) is debited.

Transfers from checking to savings can be made by crediting "cash in bank-checking" and debiting "cash in bank-savings." The bank memos should be retained to document the transaction posted in the cash journal. If the transfer is from savings to checking the above entry would be reversed.

When interest is added to a savings account, the transaction is recorded in the cash journal by debiting "cash in bank-savings" and crediting the revenue account "earnings on investments."

**General Ledger** The general ledger is used to summarize all transactions of all funds, which would primarily be the general fund and the restricted funds for school activity funds. There should be a general ledger for the general fund (Appendix C, Exhibit 13) and a general ledger for the restricted fund. Amounts entered in the cash journal (s) and the general journal should be summarized monthly and posted against the general ledger.

**Revenue Ledger** The revenue ledger is used to provide the detail of revenue activity and a monthly summary of revenues, by source. The revenue ledger must be posted at the end of each month as follows:

- Total all columns in the cash journal for the month.
- Summarize receipts by source.
- Post the total amount for each source of revenue to the revenue ledger.
- After posting the monthly total for each source of revenue, add the various source totals for that month and enter that in the total month column on the revenue ledger. Then add the total revenue for the month to the previous months year-to-date total and enter your new year-to-date total.
- For Restricted Fund Reserve, summarize only by restricted activity fund account and post as a credit to the individual restricted activity account ledger.

**Expenditure Ledger** The purpose of the expenditure ledger is to provide the detail of expenditure activity and a monthly summary of expenditures by function or object for each individual fund. Just as the revenue ledger has a column for each major source of revenue, the expenditure ledger has a column for each major expenditure function or object. The posting frequently and procedures are the same for the expenditure ledger as those for the revenue ledger.

**Monthly Closings** At the end of each month, a trial balance should be made to see if debit balances are equal to credit balances. If the totals of the debit and credit columns are equal,

the ledger from which the figures were taken is said to be "in balance." The trial balance is normally used to verify the accuracy of posting and as the first step in the preparation of financial statements and reports. A statement of revenues, expenditures, and outstanding obligations (see Appendix C, Exhibit 14) should be prepared monthly and submitted to the parish school board. Annual financial statements must be completed by the school and submitted on a timely basis so as to be included in the statements of the parish school board.

At year end, closing entries are necessary for each fund. The closing entries for each fund must be journalized separately. Closing entries are entered in the general journal and posted to each of the respective accounts in the general ledger.

Procedures for closing the accounts are as follows:

1. Make a trial balance of accounts to ensure all funds are in balance.
2. Check to be sure all necessary entries have been made. Pre-closing entries may include the following:
3. Insure that all cash receipts have been entered and all disbursement checks are written and posted.
4. Correct errors which have been discovered.
5. Analyze and adjust all balance sheet accounts as necessary.
6. Record all accounts receivable at the end of the fiscal year.
7. Record all accounts payable at the end of the fiscal year.
8. After all pre-closing entries have been made, a trial balance should be prepared.

The actual closing entries are a debit to revenues (list each item by name and amount) offset by a credit to fund balance or reserve and a credit to expenditures (list each item by name and amount) offset by a debit to fund balance or reserve. When the ledger balance is assured, a formal balance sheet and statement of operations should be prepared for the year.

**Computerized Accounting** The foregoing summary of the accounting process, supported by Appendix C's examples are based on manual records. With today's great expansion of low cost computers and computer software, the possibility of computerized school accounting is within the reach of many. Electronic accounting packages greatly streamline the accounting process and allow for a timely and variety of accounting reports with much ease. However, with this advancement comes additional concerns for data security, data backup, and more complex concerns for the school principal and secretary.

## Supporting Files

All transactions of the school must be supported by appropriate documentation. For example, receipts are supported by the receipt given the student or individual, a teacher's log, a game report, et cetera, and the deposit ticket. Checks are supported by the requisition, perhaps a purchase order, the invoice from the vendor, and the cancelled check indicating it has been paid by the bank. General journal entries are supported by detailed explanations of the entries and a variety of other supporting documentation.

Maintenance of this supporting documentation, in an orderly and secured fashion, is extremely important. In fact, it is a matter of state law. The public records act of state law requires that this data be maintained for a period of three years.

This raises two concerns-

First, that the information be obtained as a part of the transaction.

Secondly, that there be a system of files, retention procedures, and access controls to safeguard the information after its receipt.

This is commonly referred to as file control and security. It raises issues such as-

- Who is required to obtain the information?
- Who is the custodian of the information?
- Who is allowed access to the information?
- Is the information safeguarded against loss or destruction, to include disasters such as fire, floods, et cetera?
- How long will the information be retained?

These concerns had most schools to develop specific procedures for record maintenance, security, and retention.

## FINANCIAL REPORTING

**School Reporting** Financial reporting can be broken down into interim reporting and annual reporting. Interim financial reports are monthly or quarterly statements prepared primarily for internal use by management, which would include the school principal, school secretary, faculty sponsors, club officers, and the board level liaison.

These reports are intended to aid management in the operation of the school and control school financial activities. They may contain budgetary or cash flow projections and other information deemed pertinent to effective management control during the year. The key criteria by which internal interim reports are evaluated are their relevance and usefulness for purposes of management control. Certainly, timeliness is a key issue in ensuring that the reports are useful.

Appendix C, Exhibits 15, 16, and 17 are examples of monthly interim reports. The method and format of interim reporting should be established by the parish school board to ensure uniformity from school to school and comparability.

Annual financial statements are prepared for each fiscal year to serve information needs of both internal and external users. Under the provisions of state law, the principal must report on his school's funds annually to the superintendent of schools. The report must sufficiently detail the account balances, any significant deposits, significant expenditures, and any unresolved errors or discrepancies. It is necessary for the superintendent to approve these reports within 2 months of receiving the report and appropriately notify the principal of his approval or the need for further information or examination.

Financial statements necessary to fairly present financial position and operating results are referred to as "basic" statements. Basic financial statements for schools may consist of:

- a. Balance Sheet, All Funds
- b. Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund and Restricted Fund
- c. Statement of Changes in Restricted Fund Balances

Appendix C, Exhibits 15, 16, and 17 illustrate these statements. The statements from all schools should be transmitted to the parish school board within a reasonable time after the close of the fiscal year, to allow these statements to be consolidated and reported as a part of the parish school board's annual financial statements.

**School Board Financial Statements** The school activity accounts are merged into those accounts maintained by the school board in the production of financial statements on the entire school district. These annual financial statements are referred to as general purpose financial statements.

Under state law, these statements must be produced and presented to state government within 90 days of the close of the fiscal year or September 30 of each year. The school activity accounts are presented as fiduciary funds within the general purpose financial statements, reflecting that the school board has a custodial responsibility for the accounting and reporting of these funds.

## AUDITING

Auditing is defined as the process of comparing what exists to what should exist. Auditing may be external, performed by the Legislative Auditor or a private accountant, or internal, performed by the parish school board's own internal auditors. In fact, each year the principal and a designated administrator must perform an inhouse inspection of the records and indicate within the records that such an inspection has been completed.

The cost of hiring an external auditor to audit school accounts in most cases causes schools to seek audit services through its own internal audit function. These internal audits will be relied on by external auditors when auditing the general purpose financial statements of the school board. An internal auditor is not in competition with the external auditor, but is supplying a form of internal control on which the external auditor may rely.

The internal auditor should be free from management impairment so that his work effort is governed by relative risk and cost/benefit analysis. The internal auditor should report to the superintendent of schools, the president of the parish school board, or the school board's audit committee. This structure gives the internal auditor maximum independence to pursue the internal audit function.

The internal auditor functions to determine:

- if administrative policies and directives are adequate and whether they are being followed by school personnel;
- if the internal control structure policies and procedures are adequate and effective;
- if assets are being properly safeguarded from the possibility of loss;
- the accuracy and completeness of accounting and financial records; and
- the degree of compliance with legal requirements.

**Standards** Audits of government generally follow the guidance provided in *Government Auditing Standards*, published by the United States General Accounting Office (GAO). This publication provides audit guidance for the internal auditor in the conduct of internal audits of the

school accounts. The most recent revisions to these standards require the internal auditor to maintain his technical skills through continuing professional education and to subject his audit work to periodic peer review.

These standards incorporate the audit standards of the American Institute of Certified Public Accountants (AICPA) and expand upon those standards. The following are some of the more important governmental audit standards.

- The staff assigned to conduct the audit should collectively possess adequate professional proficiency for the task required.
- Audit organizations conducting government audits should have an appropriate internal quality control system in place and participate in an external quality control review program.
- Planning should include consideration of the audit requirements of all levels of government.
- A test should be made of compliance with applicable laws and regulations.
- The auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the (school's) financial statement amounts of the results of financial related audits. The auditor should also be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements or results of financial related audits.
- Written audit reports are to be submitted by the audit organization to the appropriate officials of the organization audited and to the appropriate officials of the organizations requiring or arranging for the audits, including external funding organizations, unless legal restrictions, ethical considerations, or other arrangements prevent it. Copies of the reports should also be sent to other officials who have legal oversight authority or who may be responsible for taking action and to others authorized to receive such reports. Unless restricted by law or regulation, copies should be made available for public inspection.

Of equal or greater importance are the standards promulgated by the Institute of Internal Auditors. These standards, while very similar to those promulgated by the AICPA and GAO, are directed at internal auditors.

Independence Internal auditors should be independent of the activities they audit.

Organizational Status The organizational status of the internal auditing department should be sufficient to permit the accomplishment of its audit responsibilities.

Objectivity Internal auditors should be objective in performing audits.

Professional Proficiency Internal audits should be performed with proficiency and due professional care.

Staffing The internal auditing department should provide assurance that the technical proficiency and educational background of internal auditors are appropriate for the audits to be performed.

Knowledge, Skills, and Disciplines The internal auditing department should possess or should obtain the knowledge, skills and disciplines needed to carry out its audit

responsibilities. The individual auditors should possess the knowledge, skills, and disciplines essential to the performance of internal audits.

**Supervision** The internal auditing department should provide assurance that internal audits are properly supervised.

**Compliance with Standard of Conduct** Internal auditors should comply with professional standards of conduct.

**Human Relations and Communications** Internal auditors should be skilled in dealing with people and in communicating effectively.

**Continuing Education** Internal auditors should maintain their technical competence through continuing education.

**Due Professional Care** Internal auditors should exercise due professional care in performing internal audits.

**Scope of Work** The scope of the internal audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities.

**Reliability and Integrity of Information** Internal auditors should review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.

**Compliance with Policies, Plans, Procedures, Laws, and Regulations** Internal auditors should review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and should determine whether the organization is in compliance.

**Safeguarding of Assets** The internal auditors should review the means of safeguarding assets and, as appropriate, verify the existence of such assets.

**Economical and Efficient Use of Resources** Internal auditors should appraise the economy and efficiency with which resources are employed.

**Accomplishment of Established Objectives and Goals for Operations or Programs** Internal auditors should review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

**Performance of Audit Work** Audit work should include planning the audit, examining, and evaluating information, communicating results, and following up.

**Planning the Audit** Internal auditors should plan each audit.

**Examining and Evaluating Information** Internal auditors should collect, analyze, interpret, and document information to support audit results.

**Communicating Results** Internal auditors should report the results of their audit work.

**Following Up** Internal auditors should follow up to ascertain that appropriate action is

taken on reported audit findings.

**Management of the Internal Audit Department** The Director of Internal Auditing should properly manage the internal auditing department.

**Purpose, Authority, and Responsibility** The director of internal auditing should have a statement of purpose, authority, and responsibility for the internal auditing department.

**Planning** The director of internal auditing should establish plans to carry out the responsibilities of the internal auditing department.

**Policies and Procedures** The director of internal auditing should provide written policies and procedures to guide the audit staff.

**Personnel Management and Development** The director of internal auditing should establish a program for selecting and developing the human resources of the internal auditing department.

**External Auditors** The director of internal auditing should coordinate internal and external audit efforts.

**Quality Assurance** The director of internal auditing should establish and maintain a quality assurance program to evaluate the operations of the internal auditing department.

**Structure and Strategies** Any program of internal auditing should begin with structure and strategies for meeting the internal audit needs of the school board, of which periodic audits of the school activity accounts are a part. The approach to developing such a structure will include an analysis of the programs of the school board, control structure and risk, compliance risk, and the needs of management.

The audits of the individual schools must be made within that overall structure and strategy. The numbers and extent to which the school are audited will be controlled by the resources of the internal audit function and the audit functions overall responsibilities.

**Audit Planning** The first step in conducting an audit of the school accounts is to develop a general audit plan based on general risk--the risk that the school's financial statements are misstated and the risk that the school may have failed to comply with laws and regulations. This assessment of risk will guide the auditor in determining which audit tests to apply, when to apply the tests, and the extent to which the tests will be applied (how many).

This risk assessment should culminate in an audit program. The audit program should be a check-off list of each audit procedure and be flexible enough to allow the auditor to expand or adapt procedures to meet the needs of each particular school. Appendix D provides a sample audit program for audits of school accounts.

**Audit Reporting** The audit process is not completed until the report has been formally issued to the parish school board and the parish superintendent (and, perhaps, the audit committee). The audit report should consist of:

The Forward

The Statement of Purpose

The Statement of Scope

The Statement of Opinion

Findings

Statements, Schedules, Statistics, Graphs, et cetera

The **forward** is used to introduce the report and should be used:

- To identify the audit as a regular examination or as the response to a special request from the principal, school board, or others.
- To identify the school or functions reviewed.
- To refer to any relevant prior examinations.
- To comment on findings or recommendations discussed in prior reports and their current status.
- To provide general descriptive information on the school or function being reviewed.

The purpose section describes the audit objectives. It should be in sufficient detail to help the reader understand what to expect from the rest of the report. When the purpose is adequately spelled out, the findings that follow address themselves to each statement in the purpose.

The **scope statement** is sometimes combined with the purpose section. The scope section is particularly important in identifying any limitations of the examination. It should specifically point to areas which were not covered areas which, because of the very title of the report, the reader would consider covered in the audit unless he is told differently.

The **opinion statement** is the auditor's professional judgment of the activity he has reviewed. It provides a capsule comment of his assessment of the conditions he has found. The opinion should encompass and be responsive to the purposes of the examination he set out in his purpose statement. The opinion may cover the accuracy of interim and annual financial statements, the adequacy and compliance with controls established by the parish school board, and the compliance with state laws and administrative regulations prescribed by the parish school board or school principal.

**Auditor's Findings** Findings are the source from which all opinions and recommendations flow. Findings are the results of inquiries and investigations. They are the facts produced by the auditor's efforts. All findings should be stated as concisely as possible. Findings should be stated in a positive tone and include the response from the school's management. Findings should include:

**Criteria** The finding should begin with a statement of the standard against which the audit findings should be measured, or simply stated "what should have existed."

**Condition** The findings should include a statement of the conditions which did exist based on the audit evidence accumulated.

**Effect** The findings should state the effect of the existence of a condition which varied from the criteria.

**Cause** The audit findings should include a statement of what caused the condition to exist (at variance with the criteria).

**Recommendation** The audit finding should include a statement of what should be done to reconcile the situation.

**Management's Response** The audit finding should include management's response to the audit findings.

All audit reports should be accurate, objective, clear as to meaning, concise, timely, and in a positive tone.

**Distribution and Issuance** The audit report should be issued in a timely manner and distributed to those individuals who have use of the information contained in the report. This would normally include the principal, club sponsors, the superintendent of schools, finance director, school board president, the system's external auditor, and chairman of the audit committee, if any.

**Audit Resolution** Audit resolution is an important part of the audit process. Any findings or weaknesses identified in the audit must be addressed by the school principal. An individual within the school system should be assigned the duties of resolving and monitoring the resolution of the matters contained in the audit report. The resolution of the matters should be formally documented and transmitted to those receiving the original audit report.

## **APPENDIX A, Act 1066 of the 1990 Regular Sessions**

LSA-RS 17:414.3 School fund; management, expenditure, and accounting; duties of school principal

A. The principal of every public elementary and secondary school shall maintain a school fund as provided for in this Section for the management of any money which accrues to benefit his school. The money provided by the state or the city or parish school system for support of the regular instructional program or the school facility shall not be included in the school fund provided for in this Section; such money shall be managed as directed by the agency from which it is received.

B. (1) The monies in the school fund shall be deposited in a single bank account, preferably interest-bearing, on which checks may be drawn. The bank shall be selected in the manner required by the policy or direction of the school board or, if there is no policy or direction, at the discretion of the principal.

(2) Separate records or ledgers shall be maintained by the principal, or his designee from among the school staff, for each of the following sources of deposits into the school account:

(a) Each club, organization, association, class, athletic team, or other organizational unit within the school, the existence of which complies with school and school board policy; the membership of which is either students, faculty, or employees of the school; and which generates money by collecting dues, conducting fund-raisers, charging admission, or some other money generating activity for a purpose which the entity intends to control.

(b) Each donation made to the school by an entity outside the school, whether it be a parents club, community, business, or civic organization, or other donor, when such donation is made for a specific or restricted use or purpose.

(c) All donations made by any entity referred to in Subparagraphs (a) and (b) of this Paragraph as well as all monies raised by the school population generally which are unrestricted and which are intended for discretionary use to benefit the school, its students, faculty, employees, programs, or facilities.

(d) All monies raised in a school-wide effort for a specific use or purpose.

(e) Any other money source, temporary or permanent, which is identifiable, approved by the principal, and has a need to maintain a record or ledger.

(3) (a) No money shall be drawn on the school fund account without a request therefor; no withdrawal shall occur unless the check carries the signature of the principal, or the administrator who assumes his duties during this absence.

(b) No monies shall be drawn on the school fund account unless the request for withdrawal of funds carries two signature, one of which shall always be the principal's.

(c) The other signature shall be:

(i) In the case of a request for withdrawal by an entity which has deposited pursuant to the status described in R.S. 17:414.3(B)(2)(a) and (e), an officer, member, or sponsor of the entity, designated by the entity.

(ii) In the case of a request for withdrawal for the pursuit of a restricted use or purpose as described in R.S. 17:414.3(B)(2)(b), another school administrator, faculty member, or employee who is approved by the donor and is familiar with the purpose of the donation.

(iii) In the case of a request for withdrawal of money deposited pursuant to R.S. 17:414.3(B)(2)(c) or (d), any other school administrator, faculty member, or employee.

(d) Withdrawals may be made for estimated amounts of anticipated need, but in such cases shall be accounted for with receipts, which accounting shall be reflected in the school fund records and which receipts shall be retained with the record until the report provided for in R.S. 17:414.3(C) is approved by the superintendent.

(e) (i) Money deposited in the school fund pursuant to R.S. 17:414.3(B)(2)(a), (b), (d), and (e) shall be used according to the purpose for which it was generated or for the purposes selected by the depositing entities, provided such expenditures are approved by the principal as indicated by his signature on checks for withdrawals.

(ii) Money deposited in the school fund pursuant to R.S. 17:414.3(B)(2)(c) may be expended at the discretion of the principal provided such expenditures are for the benefit of all or any of the school's students, faculty, staff, facility, or program and provided the ledger reflects the expenditure.

(4) Deposits in the school fund account shall be made by the principal, or his designee from among the school staff.

(5) Every deposit or withdrawal from the school fund account shall be entered in the separately maintained record as provided in Paragraph (2) of this Subsection.

(6) The records of the school fund shall be reconciled monthly with the school fund account statement of the bank regarding activity in the school fund account. Bank statements shall be signed by the principal, once reconciled with the records, and retained with the school fund record. The school fund records shall be reviewed annually by the principal and one other member of his administrative staff. Such review shall be reflected in the record by the signature of both reviewers.

(7) (a) Any amount of money in the school fund account in excess of that needed to permit the access described in this Section may be invested by the principal in accordance with R.S. 33:2955. However, balances in the school fund account shall include all monies deposited pursuant to R.S. 17:414.3(2)(a), (b), and (e) unless the depositing entity approves the investment of any portion of its deposits as provided in this Paragraph, which approval shall be in writing and maintained with the school fund record.

(b) Any investments made pursuant to this Paragraph shall be recorded in the records of the school fund, shall be reported as required in Subsection C of this Section, and shall be accounted for in any review or reconciliation of the school fund.

(c) Earnings on any investment made pursuant to this Paragraph shall be considered the same

as, and may be expended as, provided in R.S. 17:413.2(B)(3)(e)(ii).

C. Each school principal shall report on his school's fund annually to the superintendent or a member of his staff designated by him, at a regular time designated by the superintendent. The report shall be sufficiently detailed to notify the superintendent of account balances, significant deposits, significant expenditures, and any unresolved errors or discrepancies. The superintendent shall approve such reports in writing to the school within two months of receiving the report or shall notify the principal of any further information needed or examination required. The superintendent shall be responsible for notifying the school board of the apparent need for further examination, supervision, or intervention. The school board may require and provide for an audit of the school fund of any school within its jurisdiction at any time.

D. No Agency of state government, or any of its branches, shall supervise, regulate, or audit the school funds provided for in this Section, except upon request of a city or parish school board.

E. Nothing in this Section shall be construed to permit an expenditure that is otherwise prohibited by law.

## APPENDIX B, Chart of Accounts

The following chart of accounts for balance sheet accounts, general fund revenues and expenditures, and restricted fund revenues/expenditures is suggested as a format of classifying transactions. The accounts and numbering system have been developed so that schools can expand the accounts and number system as needed. In addition, the extent to which detailed accounts are employed is dependent on the informational needs of the school system.

For computerized systems, numbers can be assigned to schools as a prefix to each account number so as to identify transactions by schools.

### SCHOOL BALANCE SHEET ACCOUNTS

#### GENERAL AND RESTRICTED FUND

##### Asset Accounts

##### AcNumber

10	Cash on hand
11	Cash in bank - checking
20	Cash in bank - savings
21	Other investments
30	Accounts receivable

##### Liability and Fund Balance Accounts

##### AcNumber

50	Accounts Payable
60	General Fund Balance
70	Restricted Fund Balance

### GENERAL FUND REVENUE ACCOUNTS, CLASSIFIED BY SOURCE

200 Admissions - Revenue from patrons of a school-sponsored activity such as a concert or

football game.

AcNumber

201	Athletics
202	Entertainment
203	Miscellaneous

210 Sales - Revenue from sales, by students, student-sponsored organizations, school, etc.

AcNumber

211	Pictures
212	Rings
213	Newspapers
214	Annuals
215	Supplies
216	Other

220 Student Organization Membership Dues and Fees - Revenue from students for memberships in school clubs or organizations.

230 Fees - Revenue from students for fees such as locker fees, towel fees, and equipment fees.

AcNumber

211	Locker fees
212	Towel fees
213	Library fines
214	Breakage fees
215	Other fees or fines

240 Contributions and Donations From Private Sources - Revenue from foundations, private individuals, or private organizations for which no repayment or special service to the contributor is expected.

250 Rentals - Revenue from the rental of either real or personal property owned by the school.

260 Earnings on Investments - Revenue from investments such as savings accounts or time certificates of deposits.

270 Other Student Activity Income - Other revenue from student activities.

### **GENERAL FUND EXPENDITURE ACCOUNTS, BY FUNCTION & OBJECT**

300 Administration - Those expenditures that are generally for the principal and assistant principal's office.

AcNumber

300.01	Travel
300.02	Contracted Services
300.03	Supplies and Materials
300.04	Equipment
300.05	Other

310 Instruction - Those expenditures which benefit the instructional programs of the school.

AcNumber

310.01	Travel
310.02	Contracted Services
310.03	Supplies and materials
310.04	Equipment
310.05	Other

320 Operations and Maintenance - All expenditures for the operation and maintenance of the buildings and grounds.

AcNumber

320.01	Travel
320.02	Contracted Services
320.03	Supplies and Materials
320.04	Equipment
320.05	Other

330 Entertainment - All expenditures for school entertainment.

AcNumber

331 Athletics

331.01	Travel
331.02	Contracted Services
331.03	Supplies and Materials
331.04	Equipment
331.05.1	Other
331.06	

332 Entertainment

332.01	Travel
332.02	Contracted Services
332.03	Supplies and Materials
332.04	Equipment
332.05	Other

333 Other

333.01	Travel
333.02	Contracted Services
333.03	Supplies and Materials
333.04	Equipment
333.05	Other

350 Purchase of Items for Sale - Cost of items that will be resold or the cost of producing items that will be sold.

AcNumber

351	Pictures
352	Rings
353	Newspapers
353.01	Contracted Services
353.02	Supplies and materials
353.03	Equipment
353.04	Other

354	Annuals
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354.01 Contracted Services  
 354.02 Supplies and Materials  
 354.03 Equipment  
 354.04 Other

355 Supplies

356 Other  
 356.01 Contracted Services  
 356.02 Supplies and Materials  
 356.03 Equipment  
 356.04 Other

360 Field Trips and Other Off Campus Events - Those expenditures incurred in preparation for off-campus events and all expenditures incurred during the event.

AcNumber

360.01 Travel  
 360.02 Contracted Services  
 360.03 Supplies and Materials  
 360.04 Other

370 Other - Those expenditures not properly chargeable to any of the other specific functions.

### **SCHOOL RESTRICTED FUND REVENUE & EXPENDITURE ACCOUNTS**

400 Athletics

AcNumber

400 Basketball  
 401 Baseball  
 402 Football  
 403 Golf  
 404 Tennis  
 405 Track  
 406 Swimming  
 407 Other

410 Class Accounts

AcNumber

411 Class of 1989  
 412 Class of 1990  
 413 Class of 1991  
 414 Class of 1992

420 Club Accounts

AcNumber

421 Beta Club  
 422 F.F.A. Club  
 423 Forensic Club  
 424 Journalism Club  
 425 Science Club  
 426 F.H.A. Club

470	Other Activities
471	Band Boosters Club
472	Athletic Boosters Club

## **APPENDIX C, School Activity Forms**



## Exhibit 1

### School Inventory Recap Sheet

[illegible]



**Exhibit 3**  
**Receipt**

RECEIPT	EXAMPLE SCHOOL Any City, Louisiana	NO. 0001
Received from _____ Address _____		
For Account _____ Code _____		
Cash	<input type="checkbox"/>	Check <input type="checkbox"/> By: _____

RECEIPT	EXAMPLE SCHOOL Any City, Louisiana	NO. 0002
Received from _____ Address _____		
For Account _____ Code _____		
Cash	<input type="checkbox"/>	Check <input type="checkbox"/> By: _____

RECEIPT	EXAMPLE SCHOOL Any City, Louisiana	NO. 0003
Received from _____ Address _____		
For Account _____ Code _____		
Cash	<input type="checkbox"/>	Check <input type="checkbox"/> By: _____

## Exhibit 4

### Ticket Reconciliation

#### TICKET RECONCILIATION

School \_\_\_\_\_ Date of Event \_\_\_\_\_  
 Event \_\_\_\_\_ Gate Number \_\_\_\_\_

Cash Received (Change Fund) \$ \_\_\_\_\_

#### Ticket Tally

Adult: Color: \_\_\_\_\_

Beginning Number \_\_\_\_\_ Ending No. \_\_\_\_\_

Ticket Sold \_\_\_\_\_ (X) Price Per Ticket \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Total Sales

Student: Color: \_\_\_\_\_

Beginning Number \_\_\_\_\_ Ending No. \_\_\_\_\_

Ticket Sold \_\_\_\_\_ (X) Price Per Ticket \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Total Sales

Total Cash To Be Collected \$ \_\_\_\_\_

Total Per Cash Count \$ \_\_\_\_\_

Overage \$ \_\_\_\_\_

Shortage \$ \_\_\_\_\_

Cash Used for Expenses (Itemize on Back, With Invoices Attached) \$ \_\_\_\_\_

Total Deposit \$ \_\_\_\_\_

Signature of Person Responsible:

Signature of Principal:

\_\_\_\_\_

\_\_\_\_\_



**Exhibit 6**  
**Petty Cash Receipt**

PETTY CASH RECEIPT		
Example School Any City Louisiana		
No. 102		Date: _____
Paid to:	_____	
	_____	
For :	_____	
	_____	
Account _____	Code _____	By _____

## Exhibit 7

### Bank Reconciliation

## BANK RECONCILIATION

School:

Date:

BALANCE PER BANK STATEMENT \$ \_\_\_\_\_

ADD:

Deposits In Transit

\$ \_\_\_\_\_

### Bank Charges

\$ \_\_\_\_\_

OUTSTANDING CHECKS:

[illegible]

LESS OUTSTANDING CHECKS \$ \_\_\_\_\_

BALANCE PER BOOKS \$ \_\_\_\_\_

Important: Each month school bank accounts must be reconciled with the respective bank statement (s) in order to arrive at the true bank balance.

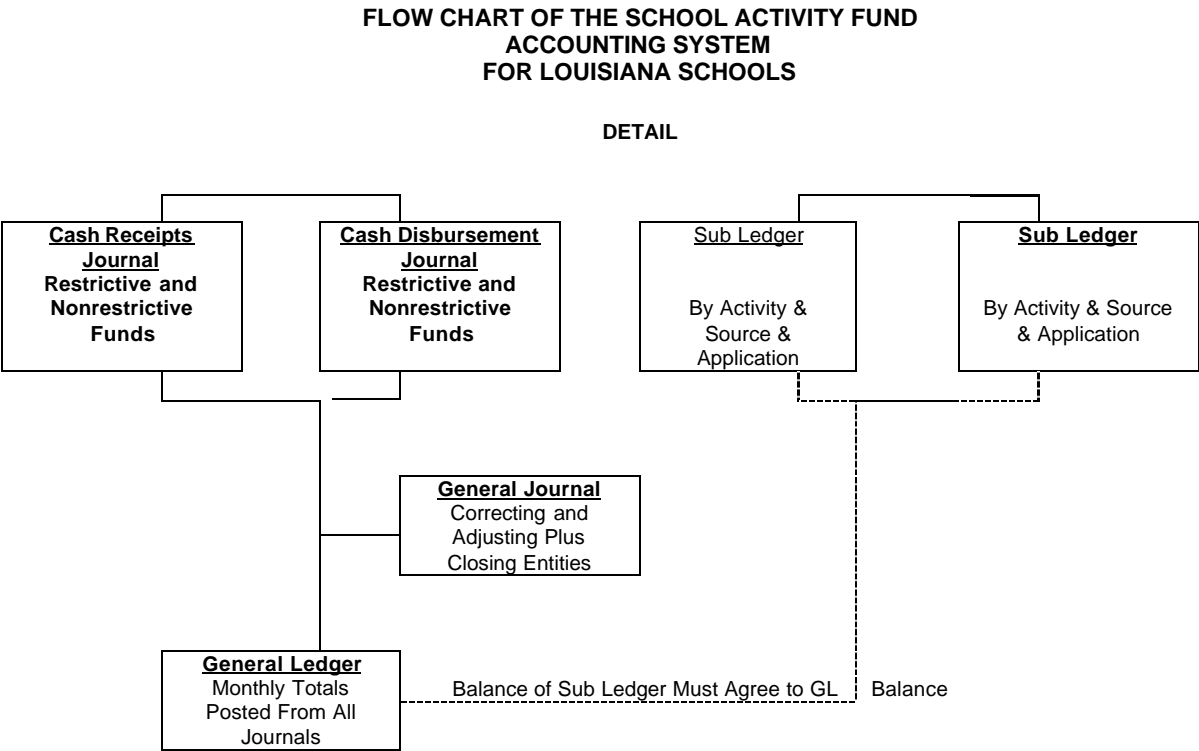
## Exhibit 8

### General Fund Budget Report Form

PARISH SCHOOL BOARD		SCHOOL			
GENERAL FUND BUDGET		FYE			
Prepared by:					
Date:					
	Original Budget	Adjustments	Budget YTD	Actual Transactions	Free Balance
Estimated Beginning Balance					
Revenues By Source:					
Admissions					
Sales					
Student dues and fees					
Fees					
Contributions					
Rentals					
Earning on investments					
Other					
Total Revenue					
Expenditures:					
Administration					
Instruction					
Operations/maintenance					
Entertainment					
Items for resale					
Field trips					
Other					
Total Expenditures					
Estimated Ending Balance					



Exhibit 10  
Accounting System Flowchart



# Exhibit 11

## General Journal

GENERAL JOURNAL								
1997 Date		Explanation	Acct. No.	General Fund Debit      Credit		Acct. No.	Restricted Fund Debit      Credit	
July	1	Cash in Bank-Checking	11	\$500.00			\$400.00	
		Cash in Savings Account	20	3,000.00			2,600.00	
		Accounts Payable	50		\$400.00			\$200.00
		Fund Balance	50		3,100.00			
		Class of 78 Balance				71		1,000.00
		Class of 79 Balance				72		500.00
		Class of 80 Balance				73		200.00
		Class of 81 Balance				74		100.00
		Beta Club Balance				75		500.00
		Science Club Balance				76		300.00
		FHA Club Balance				77		200.00
		To record ending balance of the previous period.						
July	7	Cash in Bank-Checking	11	\$2,000.00				
		Cash in Savings Account	20		\$2,000.00			
		Transfer from savings to checking account.						

EXHIBIT 12  
CASH JOURNAL

CASH JOURNAL																
1997 Date		Explanation	Ck Rect	Cash on Hand Acct. No 11		Checking Account Acct. No 12		No	Other		No	General Fund		No	Restricted Fund	
				Debit	Credit	Debit	Credit		Debit	Credit		Debit	Credit		Debit	Credit
June	6	ABC Company	C1				\$10.00				404	\$10.00				
	6	Valley Utilities	C2				400.00				71	400.00				
	7	Parish Bank (interest)	R1					13	\$40.00		311		\$40.00			
	7	National Beta Society	C3				25.00							71	\$25.00	
	8	John Reid Show	R2	\$100.00							302		100.00			
	8	Any Parish School Board	R3	400.00												400.00
	9	Any Parish School Board	C4				300.00				401	300.00				
	9	Parish Bank (deposit)	R2&3		300.00	300.00										
	12	Jack Tuds (Class 79)	R4	250.00										702		250.00
	12	National Geographic	C5				20.00							805	20.00	
	14	Twin Library	C6				100.00							701	100.00	
	14	Parish Bank	R5	50.00										805		50.00
	15	Parish Bank	R(AJ)		300.00	300.00										
	16	Go Athletics Sply.	C7				100.00							601	100.00	
	17	Class Supplies Unlimited	C8				200.00				409	200.00				
	17	Sales-School Store	R6	100.00							304		100.00			
	24	Parish Bank	R6		100.00	100.00										
	24	Joe Swartz	C9				20.00							601	20.00	
	30	John Smith	C10				20.00							601	20.00	
	30	Go Athletics Sply. (refund)	R7	10.00										601		10.00
	30	Parish Bank	R7		10.00	10.00										
		Total		910.00	910.00	910.00	1195.00		40.00			910.00	240.00		285.00	710.00
				General Fund		General Fund			General Fund		71	400.00		71	25.00	
				200.00	200.00	200.00	910.00	13	40.00		302		100.00	601	140.00	410.00
											304		100.00	701	100.00	
				Restricted Fund		Restricted Fund					311		40.00	702		250.00
				710.00	710.00	710.00	285.00				401	300.00		805	20.00	50.00
											404	10.00				
											407	200.00				

### Exhibit 13 General Ledger

GENERAL LEDGER						
Fund No. _____			Account No. ____ 10 _____			
Account ____ Cash on Hand _____			Fund _____ Restricted _____			
DATE	DESCRIPTION	REF	DEBIT	CREDIT	DR/CR	BALANCE
July 31		CJ1	710.00		DR	710.00
July 31		CJ1		710.00		-0-

GENERAL LEDGER						
Fund No. _____			Account No. ____ 11 _____			
Account ____ Cash in Bank - Checking _____			Fund _____ Restricted _____			
DATE	DESCRIPTION	REF	DEBIT	CREDIT	DR/CR	BALANCE
July 1		CJ1			CR	400.00
July 31		CJ1	710.00		DR	1110.00
July 31		CJ1		275.00	DR	825.00

GENERAL LEDGER						
Fund No. _____			Account No. ____ 20 _____			
Account ____ Cash in Savings _____			Fund _____ Restricted _____			
DATE	DESCRIPTION	REF	DEBIT	CREDIT	DR/CR	BALANCE
July 1		CJ1			DR	2600.00

GENERAL LEDGER						
Fund No. _____			Account No. ____ 50 _____			
Account ____ Accounts Payable _____			Fund _____ Restricted _____			
DATE	DESCRIPTION	REF	DEBIT	CREDIT	DR/CR	BALANCE
July 1		CJ1			CR	200.00
July 31		CJ1	25.00		CR	175.00

GENERAL LEDGER						
Fund No. _____			Account No. ____ 401 _____			
Account ____ Athletics _____			Fund _____ Restricted _____			
DATE	DESCRIPTION	REF	DEBIT	CREDIT	DR/CR	BALANCE
July 4		CJ1		410.00	CR	410.00
July 4		CJ1	140.00		CR	270.00

GENERAL LEDGER						
Fund No. _____			Account No. ____ 410 _____			
Account ____ Class of 78 _____			Fund _____ Restricted _____			
DATE	DESCRIPTION	REF	DEBIT	CREDIT	DR/CR	BALANCE
July 1		CJ1			CR	1000.00
July 31		CJ1	100.00		CR	900.00

GENERAL LEDGER						
Fund No. _____			Account No. ____ 411 _____			
Account ____ Class of 79 _____			Fund _____ Restricted _____			
DATE	DESCRIPTION	REF	DEBIT	CREDIT	DR/CR	BALANCE
July 1		CJ1			CR	500.00
July 31		CJ1		250.00	CR	750.00

## Exhibit 14

### Financial Report

FINANCIAL REPORT							
School _____							
Fund _____							
Month _____ 19____							
Acct. No.	Account Title	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance		
10	Cash on hand		\$710.00	\$710.00			
11	Checking	\$400.00	710.00	285.00	\$825.00		
20	Savings	2600.00			2600.00		
	Total	\$3000.00	\$1420.00	\$995.00	\$3425.00		
						Outstanding Obligations	FUND BALANCE
401	Athletics		\$410.00	\$140.00	\$270.00		\$270.00
421	Beta Club	\$500.00			500.00		500.00
425	Science Club	300.00	50.00	20.00	330.00		330.00
426	FHA Club	200.00			200.00	\$100.00	100.00
415	Class of 1978	1000.00		100.00	900.00	50.00	850.00
416	Class of 1979	500.00	250.00		750.00	50.00	700.00
417	Class of 1980	200.00			200.00		200.00
418	Class of 1981	100.00			100.00		100.00
50	Accounts Payable	200.00		25.00	175.00		175.00
	Total	\$3000.00	\$710.00	\$285.00	\$3425.00	\$200.00	\$3225.00
		(1)	(2)	(3)	(4)	(5)	(6)
	Outstanding Obligations: Vendor	Account No.	Amount				
	Total						
Bookkeeper's Signature: _____ Principal's Signature: _____							
1. Column (1) plus column (2), minus column (3), equals column (4).							
2. Column (4) minus column (5), equals column (6).							

## Exhibit 15

### Balance Sheet

EXAMPLE SCHOOL  
EXAMPLE PARISH SCHOOL BOARD  
Any City, Louisiana

Balance Sheet, June 30, XXXX

	<u>GENERAL FUND</u>	<u>RESTRICTED FUND</u>
<u>ASSETS</u>		
Cash in bank	\$4,150.00	\$3,975.00
Accounts Receivable	200.00	
	<hr/>	
Total Assets	\$4,350.00	\$3,975.00
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts payable	\$75.00	
General fund balance	4,275.00	
Restricted fund balance		\$3,975.00
	<hr/>	
Total Liabilities and Fund Balance	\$4,350.00	\$3,975.00
	<hr/>	

## Exhibit 16

### Operating Statement

EXAMPLE SCHOOL  
EXAMPLE PARISH SCHOOL BOARD  
Any City, Louisiana  
GENERAL AND RESTRICTED FUNDS

Statement of Revenues, expenditures, and Changes in Fund Balances  
For the Year Ended June 30, XXXX

#### REVENUES

Admissions	\$7,000	
Sales	2,000	\$700
Student organization dues and fees	1,100	4,000
Fees	75	
Total revenues	10,175	4,700

#### EXPENDITURES

Administration	989	
Instruction	7,000	
Operations and maintenance	150	
Purchase of items for sale	1,500	
Other		4,100
Total expenditures	10,139	4,100

#### EXCESS OF REVENUES OVER EXPENDITURES

36                  600

#### FUND BALANCE AT BEGINNING OF YEAR

4,239                  3,375

#### FUND BALANCE AT END OF YEAR

\$4,275                  \$3,975

**Exhibit 17**  
**Statement of Restrict Account Changes**

**EXAMPLE SCHOOL**  
**EXAMPLE PARISH SCHOOL BOARD**  
**Any City, Louisiana**

**Statement of Changes in Restricted Fund Balances**  
**For the Year Ended June 30, XXXX**

Activity	Beginning Balance	Additions	Deductions	Ending Balance
Athletics	\$410	\$2,175	\$2,075	\$510
Class of 1978	1,000	825	1,025	800
Class of 1979	500	1,000		1,500
Class of 1980	200			200
Beta Club	1,265	700	1,000	965
Total	\$3,375	\$4,700	\$4,100	\$3,975

## APPENDIX D, School Activity Audit Program

School Board \_\_\_\_\_ FYE \_\_\_\_\_  
 School \_\_\_\_\_

Prepared by:  
 Reviewed by:

### SCHOOL ACTIVITY FUND AUDIT PROGRAM

#### Instructions-

This audit program should be tailored to the school. Additional audit steps should be attached to the program. The auditor should initial each audit step undertaken. Procedures not undertaken should be noted as not applicable.

#### PLANNING

Assess the prior audit working paper file. Assess the degree to which any prior audit should be modified.

Review the general statutes, constitutional provisions, and regulatory provisions of the Louisiana Department of Education and school board that govern the operations of the school. (R.S. 17:414.3 Review any policies and practices established by the school principal. The auditor should identify those laws & regulations that have a material and direct impact on the financial statements to consider the possibility of illegal acts (SAS 54).

As an entrance meeting with the principal (or secretary), you should gather information on the manner in which classes of transactions are recorded. You should also gather information on important school programs.

Review school operations using a walk through to get familiar with programs and personnel. The auditor should be alert for unrecorded assets, liabilities, and programs.

Review journal entries or adjustments made by the school during the year or at year-end.

Prepare appropriate analytical review work sufficient to plan the audit. (SAS 56)

Prepare an audit plan.

Request any representation letters or confirmation letters needed as a part of the audit.

### INTERNAL CONTROL STRUCTURE

Prepare and review flowcharts and other material in the permanent file related to internal control structure. Discuss with management (part of the entrance meeting) the general procedures and systems used. Update the permanent file.

Complete an assessment of internal control structure and the related risk. The assessment of risk should be bridged to the nature, timing, and extent of the audit work.

Any weaknesses in internal control structure should be communicated to the principal, and, if significant, the superintendent.

Develop a detailed audit program of work to be performed.

### SUBSTANTIVE TESTING

All material balance sheet accounts and operating statement accounts should be appropriately tested.

Agree any financial statements or reports to the general ledger. The unadjusted and adjusted balances per the working trial balance are in agreement with, and supported by, the underlying working papers.

Determine if all funds are accounted for by pre-numbered receipt forms or cash register tapes.

Determine if the responsibility for receiving funds and writing receipts, preparing and making bank deposits, and posting financial records have been segregated as much as possible.

Determine if all funds are turned into the school office as soon as possible after receipt.

Determine if all monies are receipted as they move from one school employee to another.

Determine if all checks are endorsed for deposit immediately upon receipt.

Determine if cash is deposited daily, intact.

Review the security measures for cash and investments.

Reconcile cash deposits to bank deposits and bank deposits to journal and ledger entries.

Verify that deposits are made intact and review interfund transfers for proper approvals and propriety.

Determine if approval has been obtained for each revenue-producing event.

Determine if every revenue-producing activity is consistent with the purpose for which the activity was established.

Review receipt books and numbered forms used in support of cash receipts to determine if they are properly maintained and accounted for.

Determine that personal checks are not cashed from student activity funds.

Verify that ticket sales are accounted for by number and reconciled to the receipts, bank deposits and bank entries.

Check the mathematical assurance of receipt reports and examine appropriate signatures.

Investigate any significant variances from previous years and any unusual items.

Determine, to the extent feasible, that the purchasing, receiving and accounting functions are segregated.

Determine that purchase orders are sequentially pre-numbered and for each completed purchase order that verification of receipt of goods were made.

Determine that all checks are pre-numbered by the printer.

Insure that the account from which each payment is to be taken is written on each check or the check voucher.

Ascertain that checks are made payable to a school. Investigate any checks made payable to individuals.

Investigate checks made payable to "cash."

Verify that checks are signed only after they are completely prepared.

Review cancelled checks for proper signatures and appropriate endorsements.

Confirm that voided checks are mutilated to avoid reuse and retained.

Determine that unused checks are properly controlled and safeguarded.

On a test basis, review the cash disbursements to:

- Insure that all checks are supported by a vendor invoice, or, when invoices are not available, by a properly approved payment voucher.
- Confirm that expenditures are not made on the basis of vendor statements.
- Confirm that vendor invoices are checked for mathematical accuracy and proper pricing.
- Determine that invoices are paid on a timely basis and that all cash discounts are taken.

Investigate payments supported by vouchers which should be supported by vendor invoices.

Verify that check supporting documents are properly stamped to avoid duplicate payments.

Determine that expenditures have been formally approved for charge to individual funds and check to see that proper distribution was made to those funds.

Ascertain that expenditures are in compliance with the established purposes and conditions of the fund.

Ensure that all expenditures are within the limitations established by the parish school board.

Determine if expenditures to be used as change funds have been redeposited.

Analyze in detail all significant expenditures, particularly any miscellaneous or sundry charges.

Analyze all refunds to insure their propriety.

Analyze petty cash expenditures for compliance with purposes and conditions of the fund.

Count petty cash funds and reconcile cash and expenditure receipts with the amount of the original fund balance.

Verify that appropriate safeguards are maintained for petty cash funds.

Obtain confirmations of account balances from all depositories with whom the school did business during the period under review. This confirmation should also include a search for unrecorded liabilities.

Reconcile confirmations with book balances.

Verify that the bank accounts are reconciled at least once per month.

Insure that long-outstanding checks are properly followed and controlled.

Confirm the investment with the depositor or inspect the investment certificate.

Review the computations on the investment income and the accounts to which such was deposited.

Review the propriety of any receivable or payable accounts established.

On a test basis, compare the inventory records or the parish school board to the assets located at the school.

Observe the physical security afforded the school's assets.

Determine if all assets of the school, including donations, school purchases, etc., are being accounted for.

### WRAP-UP WORK AND DRAFT REPORT

Review the working papers to determine if the GAO audit standards related to the audit have been complied with.

Determine if any adjustments to the school's records or reports are accurate, supported and material. Determine that all adjustments have been received with school officials and entered in their records.

Prepare a rough draft of the audit report.

Review the audit report with school officials to get their response on any findings. Their response should be included in the report.

Complete a record of those to receive a copy of the audit report.

All fraud or illegal acts have been reported to effected state or federal grantor agencies.

## APPENDIX E, Often Used Louisiana Revised Statutes

1.LSA-R.S. 38:2211	Public bid law
2.Article 7, Section 14Louisiana Constitution	Loans, grants, pledges
3.LSA-R.S. 39:1301-1315	Local government budgets
4.LSA-R.S. 24:515	Fixed assets accounting
5.LSA-R.S. 24:514	Annual financial reports
6.LSA-R.S. 33:2951	Investments
7.LSA-R.S. 39:1211	Fiscal agents
8.LSA-R.S. 49:125	Sale of property
9.LSA-R.S. 41:1291, 39:196	Leases
10.LSA-R.S. 42:1101	Code of ethics
11.LSA-R.S. 42:61	Dual office holding
12.LSA-R.S. 17:414	School account management
13.LSA-R.S. 44:1	Public records
14.LSA-R.S. 42:4.1	Public meetings
15.LSA-R.S. 9:151	Unknown owners
16.LSA-R.S. 39:1410.60	Debt

SCHOOL

